

The Orissa Gazette

EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 1280, CUTTACK, WEDNESDAY, JULY 9, 2008/ ASADHA 18, 1930

ENERGY DEPARTMENT

NOTIFICATION

The 21st June 2008

No. 7216-OPGC-8/2007/E— OPGC was incorporated in the year 1984 as a fully owned State Government undertaking with the objective of setting up of Thermal Power Plant. OPGC set up Units 1 & 2 of Ib Thermal Power Station in 1994 and 1996 respectively with capacity of 210 MW each. The entire power from these two Units were sold to GRIDCO through Power Purchase Agreement (PPA) between GRIDCO and OPGC on the 13th August 1996. Under the Power Sector Reforms Programme, the process of disinvestment in power sector was undertaken in the year 1997 and through the international competitive bidding disinvestment process of OPGC was settled where AES invested 49% of equity in OPGC and balance 51% equity was retained by Government of Orissa. However, after disinvestment, dispute between GRIDCO and OPGC cropped up in regard to the approval of OERC to the PPA signed in 1996 and amendment of the said PPA as per the CERC Guidelines.

2. The State Government has constituted a task force vide Resolution No. 3895, dated the 7th May 2007 for resolving the dispute regarding tariff for power purchases from Units 1 & 2 and other related matters as the said dispute could not be solved bilaterally by GRIDCO and OPGC. The task force submitted their recommendations to the State Government and the same were examined by the State Government.

3. After careful consideration of the recommendations of the task force, Government have been pleased to decide as under;

- (a) In order to avoid any ambiguity with regard to tariff norms and parameters for Units 1 & 2, the provisions for calculation of incentive in the existing PPA shall stand amended to enhance the Plant Load Factor (PLF) from 68.49%

to 80%. All other terms and parameters for determination of tariff for Units 1 & 2 shall be as per the existing PPA. Suitable amendments will be made in the PPA accordingly including deletion of all reference to change in tariff parameters in future. In other words, all tariff parameters will stand frozen till validity of amended PPA notwithstanding modification in tariff norms by CERC from time to time.

(b) The amended PPA shall be filed before the OERC for consent/ approval.

(c) The amended PPA shall be effective with effect from the 1st April 2007.

4. OPGC shall withdraw the SLP filed before the Hon'ble Supreme Court of India against the judgement of Hon'ble Orissa High Court regarding jurisdiction of OERC for approval of PPA for Units 1 & 2. Government, AES and OPGC shall work towards resolving other disputes among themselves with a view to withdraw all other litigations pending in various Courts of Law.

5. (a) OPGC shall take expeditious steps to commission Units-3 & 4 with installed capacity of 2 x 600 MW and shall make half of the power generated from these units available to GRIDCO. In no case the power share of the State/GRIDCO from the expansion Unit (s) of OPGC shall be less than 420 MW.

(b) The PPA for the power made available to the State/GRIDCO shall be subject to approval of OERC and the tariff norms and parameters shall be as per the tariff norms as may be notified by CERC from time to time.

By order of the Governor

SURESH CHANDRA MAHAPATRA
Commissioner-*cum*-Secretary to Government